



Rochester Hills

Minutes - Draft

City Council Regular Meeting

1000 Rochester Hills Dr.
Rochester Hills, MI 48309
(248) 656-4600
Home Page:
www.rochesterhills.org

*J. Martin Brennan, Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen,
Michael Webber and Ravi Yalamanchi*

Vision Statement: The Community of Choice for Families and Business

*Mission Statement: "Our mission is to sustain the City of Rochester Hills as the premier
community of choice to live, work and raise a family by enhancing our vibrant residential
character complemented by an attractive business community."*

Monday, October 3, 2011

7:00 PM

1000 Rochester Hills Drive

CALL TO ORDER

*President Hooper called the Regular Rochester Hills City Council Meeting to order
at 7:01 p.m. Michigan Time.*

ROLL CALL

Present 6 - Greg Hooper, Nathan Klomp, Vern Pixley, James Rosen, Michael Webber
and Ravi Yalamanchi

Absent 1 - J. Martin Brennan

Others Present:

*Pamela Gordon, Director of Human Resources
Susanna Jang, Rochester Hills Government Youth Council Representative
Jane Leslie, City Clerk
Keith Sawdon, Director of Finance
Allan Schneck, Director of DPS/Engineering
John Staran, City Attorney*

*Council Member Brennan provided prior notice that he would be unable to attend.
Mayor Barnett provided prior notice that he would be unable to attend.*

PLEDGE OF ALLEGIANCE

APPROVAL OF AGENDA

**A motion was made by Webber, seconded by Pixley, that the Agenda be Approved as
Presented. The motion carried by the following vote:**

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

PUBLIC COMMENT

Tom Ryan, 3626 Hollenshade Drive, displayed a rendering of the Senior Citizen/Assisted Living Development proposed for the corner of Dutton and Adams Roads in Oakland Township consisting of a 284-unit apartment complex and noted that the developers will be going before the Oakland Township Planning Commission for approval on October 4th. He stated that the proposed development represents a commercial business and the density will adversely affect property values in the area and cause additional traffic delays. He requested Council's assistance in the residents' efforts to oppose the development.

Dee Hilbert, 3234 Quail Ridge Circle, commented that Council's approval last week of an electronic monument sign for City Hall is both inappropriate in its use of taxpayer dollars and its location. She mentioned that there are other means to improve transparency and noted that the City should do more to inform residents about the upcoming election, by sending e-mail notifications and including additional information on the City's website.

Melinda Hill, 1481 Mill Race Road, stated that an electronic monument sign is inconsistent with the City's character and does not represent transparency. She commented that the project was not detailed in either the Capital Improvement Plan or the Fiscal Year 2011 Budget Plan or Technical Appendices. She stated that the existing sign should be repaired.

Gordon Duda, 340 Silvervale Drive, expressed his appreciation to Council for approving the placement of the proposed Parks and Open Space Charter Amendment on the November ballot.

LEGISLATIVE & ADMINISTRATIVE COMMENTS

President Hooper read a memorandum from Mayor Barnett which explained that he was unable to attend tonight's meeting as he was invited by the German Ambassador to participate in a roundtable discussion on sustainable cities in Washington, D.C., tomorrow morning. Mayor Barnett's memorandum noted that industry experts will discuss sustainability best practices; and with several new German companies establishing their North American headquarters in Rochester Hills, it is important that the City capitalize on this opportunity to strengthen its relationships in Washington. All travel expenses are being covered by the German Government.

Mr. Pixley stated that he spoke with Trip Brennan, Mr. Brennan's son, today and Trip reported that while Mr. Brennan is still in the hospital, he is getting stronger every day. He requested that everyone keep him in their prayers for a speedy recovery.

Council Members expressed their wishes for Mr. Brennan's quick recovery and return to good health.

***Mr. Yalamanchi** questioned whether Council would consider an agenda item at its next meeting to discuss the development proposed for the northwest corner of Dutton and Adams Roads in Oakland Township.*

***President Hooper** suggested that Mr. Yalamanchi draft language for Council's consideration regarding the proposed development.*

***Mr. Yalamanchi** requested City Attorney John Staran assist in drafting language for discussion. He questioned whether Council would be responding to a resident's e-mail that stated that Council violated its procedures in its approval of the City Hall monument sign.*

***President Hooper** noted that a response to this e-mail would be made.*

***Susanna Jang**, Rochester Hills Government Youth Council (RHGYC) Representative, reported that the RHGYC volunteered at the Brooksie Way Half-Marathon on October 2nd and was busy planning the group's big events for the coming year.*

ATTORNEY MATTERS

City Attorney John Staran had nothing to report.

CONSENT AGENDA

All matters under Consent Agenda are considered to be routine and will be enacted by one motion, without discussion. If any Council Member or Citizen requests discussion of an item, it will be removed from Consent Agenda for separate discussion.

2011-0424 Approval of Minutes - City Council Regular Meeting - September 19, 2011

Attachments: [CC Min 091911.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0201-2011

Resolved, that the Minutes of a Rochester Hills City Council Special Meeting held on September 19, 2011 be approved as presented.

2011-0422 Request for Contract Approval - DPS/ENG: Winter Maintenance Agreement for the 2011-2012 winter season for Livernois Road extending from South Boulevard to Tienken Road; Board of County Road Commissioners of the County of Oakland, Waterford, MI

Attachments: [Agenda Summary.pdf](#)
[Agreement.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0202-2011

Resolved, that the Rochester Hills City Council approves the Winter Maintenance Agreement for the 2011-2012 winter season between the City of Rochester Hills and the Board of County Road Commissioners of the County of Oakland, Waterford, Michigan for Livernois Road extending from South Boulevard to Tienken Road and authorizes the Mayor and City Clerk to execute the agreement on behalf of the City.

- 2011-0432** Request for Authorization of payment in the amount of \$2,228.00 to Douglas and Shirley Metzler for the additional temporary easement area used during the Hamlin Road, Crooks to Livernois, construction project

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

This Matter was Adopted by Resolution on the Consent Agenda.

Enactment No: RES0203-2011

Resolved, that the Rochester Hills City Council hereby approves the Offer of Payment by and between the City of Rochester Hills and Douglas and Shirley Metzler for Parcel H-25 and further authorizes the Mayor to release a check in the amount of \$2,228.00 for payment to Douglas and Shirley Metzler in accordance with the Statement of Compensation for use of the vacant property beyond what was initially acquired.

Passed the Consent Agenda

A motion was made by Pixley, seconded by Webber, including all the preceding items marked as having been adopted on the Consent Agenda. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

PUBLIC HEARINGS

- 2011-0421** FY 2011 3rd Quarter Budget Amendments

Attachments: [Agenda Summary.pdf](#)
[2011 - 3rd Qtr BA Overview.pdf](#)
[2011 - 3rd Qtr Budget Amendment Detail.pdf](#)
[2011 - 3rd Qtr Budget Amendment \(Council Extra Detail\).pdf](#)
[Public Hearing Notice.pdf](#)
[Resolution.pdf](#)

Keith Sawdon, Director of Finance, stated that the Third Quarter Budget Amendment, with the exception of the inclusion of a couple of amendment items that pertain to construction projects, focuses predominantly on a look-back at Interfund charges and truing-up these amounts between estimated and actual.

President Hooper Opened the Public Hearing at 7:18 p.m.

Dee Hilbert, 3234 Quail Ridge Circle, read a list of questions that requested information on taxpayer contributions as a percentage of pensions, longevity, and health care retirement savings for Council Members, Mayor, Department Directors and employees.

Seeing no further Public Comment, President Hooper Closed the Public Hearing at 7:19 p.m.

President Hooper requested that Mr. Sawdon provide a response to Ms. Hilbert's questions.

Council Discussion:

Mr. Yalamanchi requested information on the following Amendment items:

- Why the Local Street Fund decreased by \$139,000.
- Whether the purchase of Green Space Property previously approved by Council would be proceeding.
- Why an amount was included as the City's share of construction costs for the toilet facility on the Clinton River Trail; it was his understanding that the facility would be constructed with donated funds.
- Why a draw is noted from retained earnings from the Insurance Fund even though the City is receiving a distribution of approximately \$411,000.

Mr, Sawdon responded with the following:

- The Local Street Fund has three major funding sources, with the General Fund making up the difference for operations. During the look-back process, it was determined that Local Roads will receive funds in adjustment from prior years, and it will not need that amount in support from the General Fund.
- At the time that the Budget Amendments were being prepared, no transaction was taking place to require an allocation of funds in the Green Space budget.
- The donation for the Clinton River Trail toilet facility included funds for the cost of the structure. The City must contribute costs toward the infrastructure for the facility.
- While the City did receive an insurance distribution, the Insurance Fund itself had not trued-up since 2008. The results of the City's financial statements and audits have necessitated adjustments to Interfund charges.

Mr. Yalamanchi requested an update on proposed Green Space property purchases. He commented that while he is supportive of the Clinton River Trail, he does not support the City's contribution toward the costs of a facility.

Mr. Rosen questioned why the Green Space property purchase was not proceeding, as Council previously approved the purchase.

Mr. Sawdon responded that it is his understanding that this property is not being purchased in 2011. He stated that he does not know whether the purchase would proceed with either City funds or a grant.

Mr. Rosen stated that if the City is not moving forward with a purchase of that property, Council must then vote to approve the cancellation of the purchase.

Mr. Klomp noted that he is Council's liaison to the Green Space Advisory Board, and stated that while the parcel was reviewed for purchase, it is not intended that this acquisition move forward in 2011.

A motion was made by Webber, seconded by Klomp, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 5 - Hooper, Klomp, Pixley, Rosen and Webber

Nay 1 - Yalamanchi

Absent 1 - Brennan

Enactment No: RES0204-2011

Whereas, in accordance with the provisions of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act, and the Charter for the City of Rochester Hills, Chapter III Section 3.7, the City Council may amend the budget during the fiscal year, either on its own initiative or upon recommendation of the Mayor; and

Whereas, in accordance with Section 19 of Public Act 2 of 1968, the Uniform Budgeting and Accounting Act the City Council may permit the Mayor to execute *adjustments* to the budget within limits;

Whereas, the Public Hearing for the proposed 2011 3rd Quarter Budget Amendments was noticed on September 15, 2011; and

Whereas, the proposed 2011 3rd Quarter Budget Amendments were available for public viewing beginning on September 23, 2011; and

Whereas, at its October 3, 2011 meeting City Council held a Public Hearing on the proposed 3rd Quarter Budget Amendments.

Now, Therefore, Be It Resolved that the Rochester Hills City Council hereby approves the following 2011 fund totals as amended:

101 - General Fund	\$23,065,570
202 - Major Road Fund	7,492,020
203 - Local Street Fund	5,100,960
206 - Fire Fund	7,005,120

207 - Special Police Fund	8,757,550
214 - Pathway Maintenance	587,560
244 - Water Resources Fund	1,148,890
299 - Green Space Millage Fund	961,670
403 - Pathway Construction Fund	522,350
420 - Capital Improvement Fund	193,970
592 - W&S Operating Fund	30,543,260
595 - Water & Sewer Debt Service Fund	346,150
631 - Facilities Fund	5,072,090
636 - MIS Fund	2,031,480
661 - Fleet Fund	3,989,280
677 - Insurance Fund	616,000
736 - Retiree Healthcare Trust Fund	414,050

Be It Further Resolved, the Mayor is authorized to administratively adjust the operating budget line-items up to \$25,000 per event, but in no case may total expenditures of a particular fund exceed that which is appropriated by the City Council without a budget amendment.

NEW BUSINESS

- 2011-0425 Request to Accept the Executive Summary Report and Opinion of the Insurance Audit & Inspection Company (IAIC) relative to the City's Risk Management Program

Attachments: [Agenda Summary.pdf](#)
[Report Cover.pdf](#)
[Executive Summary.pdf](#)
[MMRMA Response.pdf](#)
[CC Minutes 012411 \(Excerpt\).pdf](#)
[CC Minutes 032111 \(Excerpt\).pdf](#)
[CC Minutes 050211 \(Excerpt\).pdf](#)
[Resolution.pdf](#)

Mr. Webber disclosed that he is employed by an insurance agency that does bid and work on municipal property and casualty insurance; and, as such, he will recuse himself from this discussion and vote to avoid any appearance of impropriety or conflict of interest.

Keith Sawdon, Director of Finance, stated that in late 2010 and into 2011, the Administration received input from City Council requesting that the City's insurance/risk management program be bid out for future policy periods. He explained that a Request for Proposal (RFP) was issued late in 2010, with proposals received early in 2011. At the conclusion of the RFP process, both City staff and City Council concurred that an additional investigation should commence to determine whether the City's levels of coverage were appropriate. Council authorized the Administration to retain an insurance consultant to review coverage, and the Purchasing Division issued an RFP and solicited consultants to perform the review. Insurance Audit and Inspection Company (IAIC) was selected and the review commenced in August. The Executive Summary Report prepared by IAIC is included for Council's review. He noted that the next phase would be to draft an RFP based on the findings.

He noted that the Executive Summary concludes that with a couple of small exceptions, the City's risk management program is appropriate and in sound condition. The report recommends areas where the City could possibly save some money. He stated that while the City could opt to wait until 2013 to issue an RFP, the Administration feels confident in the work that IAIC performed and recommends moving on to the next phase to prepare an RFP for 2012. He pointed out that the Michigan Municipal Risk Management Authority (MMRMA) was asked to comment on the Executive Summary and their response is included for Council's review.

Ken Bush, representing IAIC, stated that the City's program is in reasonably good condition. He noted that if Council opts to proceed with the RFP process, changes recommended in the Executive Summary would be incorporated into the RFP.

President Hooper stated that he is in agreement with preparing an RFP for 2012. He questioned the following items of concern mentioned in the Executive Summary Report, noting the MMRMA's response to each, and requested Mr. Bush comment on these concerns:

- The report found the Liability/Pollution exclusion to be more restrictive; the MMRMA's response was that it was not as restrictive as the report interprets it to be.
- The report finds that there is no coverage for Computer Theft or Electronic Funds Transfer Fraud; the MMRMA's response is that coverage can be found in the Money and Securities section of the policy documents.
- The report questions coverage for automobile events that occur out-of-state; the MMRMA's response is that they have provided coverage for out-of-state events.
- The report questions the MMRMA's exclusion of liability claims arising out of volunteer injury.
- The report questions the low earthquake limit of \$5 million.
- The report indicates that the Extra Expense coverage, limited to 12-months in duration, is insufficient.

Mr. Bush responded with the following:

- IAIC's evaluation was based on the coverage document that the MMRMA provides to the City. He stated that the items in question were either not in the coverage document or were not addressed in a manner that IAIC felt was appropriate for the City. He commented that the MMRMA's response appears to be contradictory to the coverage document; and in the event of a claim, the coverage document would most likely prevail over a response letter.
- While the MMRMA's response letter states that Computer Theft is covered under the Money and Securities portion, the description of coverage for this section is for tangible items and does not reference theft by electronic entries. The insurance world has adopted a separate coverage document for computer theft and electronic funds transfer fraud and it would be in the MMRMA's best interest to adopt this standard language.
- Standard commercial insurance covers automobile events that occur anywhere in the United States and Canada. The MMRMA's coverage document does not specify this. While the MMRMA's response letter states that they provide this

Business Auto coverage, there is no provision for any out-of-state No-Fault coverage. MMRMA policy documents should contain this clarification.

- There is a specific exclusion in the policy document that states that the MMRMA does not cover liability claims arising from a volunteer's injury. Volunteers are not bound by Workers' Compensation, which means that the right to sue is not lost as it is with an employee. IAIC read the exclusion contained in the policy, which states clearly that claims by volunteers are not covered.

- In the event of an earthquake, the amount of loss could be significant for the pool, as all members are in Michigan. It is recommended that the City have between \$15 and \$20 million in earthquake coverage.

- Commercial insurance does not typically place any limitations on Extra Expense coverage. If it could take more than one year to reconstruct a major facility such as this building, the City could sustain a financial loss. This deficiency in length of coverage was brought to light after the tornadoes that hit Joplin, Missouri, where a widespread disaster puts pressure on construction resources and materials leading to delays in rebuilding.

President Hooper questioned why IAIC found the general liability policy for the Festival of the Hills was not worthwhile.

Mr. Bush responded that as it was explained to them, the policy was purchased because of the fireworks exposure. He noted that there is a fireworks exclusion in the policy.

President Hooper questioned what alternative Workmans' Compensation plans are typical for cities of this size.

Mr. Bush responded that deductibles are typically in the range of \$100,000 to \$400,000 or \$450,000. He stated that losses should be reviewed to determine an appropriate deductible level.

Mr. Sawdon noted that the City's Self-Insured Retention coverage is at \$150,000.

Council Discussion:

Mr. Pixley questioned whether the challenges in the current document could be amended if the City opts to stay with the MMRMA.

Mr. Bush responded that the MMRMA's coverage document dates from 1997 and should be updated, noting that the MMRMA's Commercial Liability Policy has been amended three times since then.

Mr. Pixley questioned what level of earthquake coverage is recommended and at what estimated cost.

Mr. Bush responded that once proposals are received, identifying earthquake coverage at various limits and the cost of each, the RFPs can be reviewed and the City can make a decision as to what coverage is desired.

Mr. Pixley questioned what would happen to the current premium if all changes recommended were made.

Mr. Sawdon responded that it may not have any effect other than to change policy language; however, he could not be certain at this point of any cost implications.

Mr. Pixley requested that City Attorney John Staran comment on whether anything would prohibit an employee or volunteer from bringing civil action against the City.

Mr. Staran responded that it would depend on the type of claim. He explained that when an employee is injured on the job, his/her exclusive remedy is the Workmans' Compensation Statute. He noted that there are other types of issues, such as civil rights and discrimination that relate to other types of injuries or damages that would not prohibit a worker from bringing forward a claim.

Mr. Yalamanchi expressed concern that the MMRMA's responses are not specifically contained within language in the coverage document. He questioned whether the City should request that the MMRMA change its current policy document.

Mr. Bush stated that IAIC recommends that the language be changed.

Mr. Sawdon noted that the structure of any RFP going forward would include a prequalification of firms that meet the set of language and specifications the City requires. He stated that the MMRMA will be asked for a clarification of its response to be added to the current policy document.

Mr. Yalamanchi questioned whether \$1 million in Extra Expense coverage is considered sufficient.

Mr. Bush responded that the buildings are covered for replacement cost, and the Extra Expense coverage would pay expenses for temporary quarters or equipment. He noted that IAIC is more concerned with the limitation of 12 months of coverage than it is for the amount of coverage.

Discussed.

2011-0425 Motion to Direct the Administration to require the Michigan Municipal Risk Management Authority to provide amended policy documents to confirm the responses in their letter of September 22, 2011

Attachments: [Agenda Summary.pdf](#)
[Report Cover.pdf](#)
[Executive Summary.pdf](#)
[MMRMA Response.pdf](#)
[CC Minutes 012411 \(Excerpt\).pdf](#)
[CC Minutes 032111 \(Excerpt\).pdf](#)
[CC Minutes 050211 \(Excerpt\).pdf](#)
[Resolution.pdf](#)

President Hooper suggested that if Council so wishes, a motion could be made to direct the Administration to require that the Michigan Municipal Risk Management Authority revise their coverage document to reflect their response letter of September 22, 2011.

City Attorney John Staran concurred and stated that it would be a good idea to request this amendment to the policy documents.

A motion was made by Yalamanchi, seconded by Pixley, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 5 - Hooper, Klomp, Pixley, Rosen and Yalamanchi

Abstain 1 - Webber

Absent 1 - Brennan

Enactment No: RES0205-2011

Resolved, that the Rochester Hills City Council hereby directs the Administration to require that the Michigan Municipal Risk Management Authority provide amended policy documents to confirm the responses in their letter of September 22, 2011.

2011-0425 Request to Accept the Executive Summary Report and Opinion of the Insurance Audit & Inspection Company (IAIC) relative to the City's Risk Management Program

Attachments: [Agenda Summary.pdf](#)
[Report Cover.pdf](#)
[Executive Summary.pdf](#)
[MMRMA Response.pdf](#)
[CC Minutes 012411 \(Excerpt\).pdf](#)
[CC Minutes 032111 \(Excerpt\).pdf](#)
[CC Minutes 050211 \(Excerpt\).pdf](#)
[Resolution.pdf](#)

Mr. Rosen stated that the discrepancies between the policy documents and the Michigan Municipal Risk Management Authority's (MMRMA) response letter should be resolved to the City's satisfaction. He questioned why municipal insurance does not appear to be as standardized as commercial lines coverage.

Mr. Bush responded that each public entity self-insurance pool writes their own coverage documents. The IAIC's review will cite chapter-and-verse of where the deficiencies appear to be.

Mr. Sawdon noted that the Administration would request an amendment to the policy documents to confirm the responses in the MMRMA's letter. He stated

that the RFP will also contain language to prequalify bidders.

Mr. Rosen commented that the real test will be when the City reviews the RFP from MMRMA and compares them to commercial bidders.

Mr. Sawdon stated that should the MMRMA submit additional documentation supporting the responses contained in their interpretive letter, the consultant can review the documentation to ascertain whether the documentation satisfies the concerns. Going forward, the required language will be inclusive to be qualified as a proposer for insurance services.

Mr. Klomp commented that it would not be out of line to ask the MMRMA to modify the coverage documents. He stated that his original expectation was that the consultant would identify coverage that the City did not need; however, it appears that the consultant has identified a lack of coverage in some areas.

A motion was made by Pixley, seconded by Yalamanchi, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 5 - Hooper, Klomp, Pixley, Rosen and Yalamanchi

Abstain 1 - Webber

Absent 1 - Brennan

Enactment No: RES0206-2011

Resolved, that the Rochester Hills City Council hereby accepts the Executive Summary Report and Opinion of the Insurance Audit & Inspection Company (IAIC) and authorizes the administration to move forward with Phase II of their proposal and seek proposals for the 2012 renewal period.

2011-0427 Request for Approval to amend the City's non-union benefit plans to provide the same health care program as that provided to AFSCME Local 2491 and AFSCME Local 1917.28 for benefit plan year 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

Pamela Gordon, Director of Human Resources, stated that this request is to extend the health care compensation strategy for 2012 based on the contracts recently settled with the City's two AFSCME unions to its non-union employees. She noted that the change in coverage will reduce the City's cost of health care significantly, as a core Health Maintenance Organization (HMO) plan will provide coverage at a much lower cost than the current plans offered. She explained that in order to extend these changes to the non-union group, Senate Bill 7, now Public Act 152, requires that Council must approve an exemption. She noted that rather than requiring mandatory contributions for public employees for fixed hard-caps or an 80/20 contribution split as the legislation mandates, the City's approach to savings is to override that requirement and implement a strategy to lower the cost of the plans that the City provides.

A motion was made by Klomp, seconded by Yalamanchi, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0207-2011

Whereas, Senate Bill 7 would mandate the amount of health care premium contribution increases required by City employees; and

Whereas, recent contract settlements between the City and its two AFSCME Locals will result in significant health care savings to the City for the plan year beginning January 1, 2012; and

Whereas, the City administration requests to extend its cost-saving health care strategy to the City's non-union employees.

Resolved, that the Rochester Hills City Council approves the exemption of City employees from the requirements of Senate Bill 7 of 2011 to the extent necessary to establish the same health care program with the same terms and contributions as that provided to AFSCME Local 2491 and AFSCME Local 1917.28 unit members for the plan year beginning January 1, 2012.

2011-0442 Request to Accept the Entertainment Permit Agreement and add an Entertainment Permit to the escrowed Class C License for BL Rochester Hills, LLC (Bar Louie) located at 1488 N. Rochester Rd., Rochester Hills, MI

Attachments: [Agenda Summary.pdf](#)
[Entertainment Permit Application.pdf](#)
[Resolution.pdf](#)

Lee Klein, J.M.E. Consultants, representing BL Rochester Hills LLC, stated that the request is made as a result of a field change made as a part of the Michigan Liquor Control Commission's field investigation which noted that an Entertainment Permit would be included as a part of the liquor license. Although his client does not intend to request any permit for dance entertainment, the permit will allow Pay Per View sports events and closed-circuit television programs to be displayed, along with trivia games, comedians or magicians to entertain. He mentioned that a permit application for outdoor sales rights is also in process. He noted that his client has no intention of violating any City Ordinance.

President Hooper noted that the request will allow a modification to the previous approval.

Mr. Klomp questioned why the request is being made now if the client did not initially want it.

Mr. Klein responded that based on the field report, to undo the field change requiring the permit would be much more time-consuming and problematic than to proceed in requesting the permit. He stated that his client is proceeding with construction and wishes to open as soon as possible.

John Staran, City Attorney, stated that the applicant may very well need or want the permit in the future; therefore, they prefer to go ahead with the request now.

Mr. Klomp questioned whether the City's Ordinances will be in place to regulate dancing.

Mr. Staran responded that this particular form of the agreement has been modified to include entertainment only and remove dance references. With that exception, the agreement form is the same that Council has reviewed for other requests.

Mr. Klein responded that his client does not have permission from the MLCC to include dancing.

Jane Leslie, City Clerk, noted that the proposed resolution does not include references for outdoor sales. She noted that the applicants have applied separately for that permit through the Building Permit process.

President Hooper questioned whether Council will be required to approve outdoor sales.

Clerk Leslie responded that an Outdoor Sales Permit does not require Council's approval.

A motion was made by Klomp, seconded by Pixley, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0208-2011

Whereas, the Rochester Hills City Council accepts the Entertainment Permit Agreement between the City of Rochester Hills and BL Rochester Hills, LLC, located at 1488 N. Rochester Rd., Rochester Hills, Michigan.

Resolved, that the request to transfer ownership of escrowed 2010 Class C licensed business, located at 1488 N. Rochester, Rochester Hills, MI 48307, Oakland County, from Bank of America to BL Rochester Hills, LLC; new Entertainment Permit (Step 2) be considered for approval.

Further Resolved, that the Mayor and City Clerk are hereby authorized to execute and deliver the agreement on behalf of the City.

The following seven (7) Legislative Files are related to 2012 Salary Recommendations

2011-0433 Salary Recommendation for Directors' General Adjustment - 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

Pamela Gordon, Director of Human Resources, stated that she is the staff facilitator for the Human Resources Technical Review Committee (HRTRC). She reported that the HRTRC met on September 19th and discussed 2012 salary review recommendations. She explained that as a result of the settlement agreement between the City and its unions, the same health care contribution strategy is being extended to the non-union group, which includes

Directors and the Mayor. She stated that the HRTRC recommends extending the one percent (1%) salary adjustment that was a part of the union contract settlements to this group to maintain pay equity between directors and union groups.

Public Comment:

Dee Hilbert, 3234 Quail Ridge Circle, stated that while the reductions undertaken for health care costs are good, the City has to live within its budget. She noted that longevity has been eliminated for her nursing group, and they received only a small raise this year after not having one for three years. She stated that the financial outlook for the City is not good and questioned when pension contributions, health care and retirement savings would be addressed.

Melinda Hill, 1481 Mill Race Road, stated that Council is violating its own policy for salaries, which states that salaries should be set before the end of June. She commented that there is no correlation between health care savings and the need to increase salaries for the directors and the Mayor as these groups are non-union, are typically paid more, and receive longevity bonuses. She questioned whether there were any minutes available for review for the HRTRC.

Council Discussion:

President Hooper questioned whether minutes exist from the September 19th meeting.

Ms. Gordon responded that she has not been required to maintain minutes from the HRTRC and the meetings are not recorded.

President Hooper noted that longevity is a part of the compensation package and is not a bonus.

Ms. Gordon concurred, explaining that all City employees receive longevity based on years of service and ranging from 1.5 percent after five years to 5.5 percent after 18 to 20 years. She pointed out that the policy has changed since 2009 and after the recent the contract settlements, new hires will now be subject to a flat reduced longevity scale.

Mr. Klomp questioned why Council did not review directors' salaries in June.

Ms. Gordon responded that during the time, the Administration was in the midst of contract negotiations with all three bargaining units and settlements were close. She explained that she requested to postpone the HRTRC discussion to avoid projecting out where the City might go in relation to salaries and have that discussion interfere with proposals on the table. She noted that during that period, Senate Bill 7 was beginning to take on steam and the Administration did not know how the end result would fit into contract discussions. The Administration chose to set aside the non-represented units and focus on the negotiation with bargaining units. Developments came from the State Legislature in August, allowing the completion of contract negotiations, and subsequently the focus turned to

the non-union groups. She stated that this information was conveyed to Council in May. She noted that pay adjustments agreed to for bargaining units are afforded to non-union employees as well.

Mr. Klomp stated that the overall focus of the HRTRC was to lower total compensation, which factors in a number of components. The HRTRC chose to tackle health care costs, with the most benefit of savings in both the short-term and the long-term. Salary is only one component of compensation. The resulting change to health care allows a savings of \$770,000 to all employees in the City.

Ms. Gordon added that the salary increase offsets the savings, resulting in a net savings of \$550,000.

Mr. Klomp noted that rather than follow the 80/20 or hard-cap health care contribution recommendations proposed by Governor Rick Snyder, the HRTRC recommends this as a more cost-effective option that will ultimately save the City money.

Mr. Yalamanchi expressed concern that Council did not formally waive the policy and questioned why the HRTRC is not required to follow the Open Meetings Act.

John Staran, City Attorney, responded that the HRTRC is an advisory committee. He explained that it is not considered a public body; and, therefore, there is no requirement in the Open Meetings Act for minutes.

Mr. Yalamanchi stated that while he has much respect for the City's directors, and appreciates the fact that health care reductions have been undertaken, these costs will continue to rise. He commented that the Mayor and department directors should provide leadership to address rising fixed costs. He questioned whether the total increase of \$11,414 is correct.

Mr. Rosen commented that while he is not bothered by postponing action; he is concerned, however, that Council did not formally waive its procedure. He mentioned that he did not receive any communications indicating that this action was being postponed. He stated that while fair is fair, an increase is still being recommended, and no increase would send a better message of how tight things are.

President Hooper noted that the \$11,414 is correct and the total includes a post-probationary adjustment for the Director of DPS/Engineering. He pointed out that Council voted unanimously to grant a one percent increase to Union employees and stated that he finds it disingenuous to not recognize the health care savings and afford this increase to directors as well.

A motion was made by Klomp, seconded by Pixley, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 4 - Hooper, Klomp, Pixley and Webber

Nay 2 - Rosen and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0209-2011

Whereas, pursuant to Article II, Section 5 of the *City Council Policy for Salaries of Department Directors and Mayor, and Per Diem Fees for City Boards and Commissions*, the Human Resources Technical Review Committee has met to discuss recommendations concerning the general base pay adjustments for department directors in 2012; and

Whereas, recent contract settlements between the City and its two AFSCME Locals will result in significant health care savings to the City for the plan year beginning January 1, 2012; and

Whereas, the City administration intends to extend its health care cost reduction strategy to the City's non-union benefit group, which includes department directors and the Mayor in 2012; and

Whereas, an base salary increase consistent with that agreed upon for the largest AFSCME unit would still provide significant savings to the City, while helping to maintain internal pay equity with union employees.

Resolved, the amount of 1% shall be added to the general base salary budget for department directors for 2012, in the amount of \$11,414, bringing the total base salary budget for department directors to \$954,211.

2011-0434 Salary Recommendation for Directors' Equity Adjustment Pool - 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

Pamela Gordon, Director of Human Resources, explained that equity adjustments pertain to individual director compensation as it might relate to maintaining internal equity or external market pressures. She stated that given the one percent increase in general base salary, the Human Resources Technical Review Committee (HRTRC) recommends no equity adjustments.

A motion was made by Pixley, seconded by Webber, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0210-2011

Whereas, pursuant to Article III, Section 5 of the *City Council Policy for Salaries of Department Directors and Mayor, and Per Diem Fees for City Boards and Commissions*, the Human Resources Technical Review Committee met to discuss recommendations concerning individual salary equity adjustments for department directors in fiscal year 2012.

Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee that no additional budget for equity adjustments be authorized for department directors in 2012.

2011-0435 Salary Recommendation for Directors' Variable Performance (Discretionary) Pool - 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

Pamela Gordon, Director of Human Resources, explained that Directors' Variable Performance (Discretionary) Pool is what would be considered bonus pay. She stated that after reviewing the general economic conditions and the City's revenue reductions, the Human Resources Technical Review Committee (HRTRC), recommends no performance pay pool for 2012.

A motion was made by Webber, seconded by Pixley, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0211-2011

Whereas, pursuant to Article III, Section 5 of the *City Council Policy for Salaries of Department Directors and Mayor, and Per Diem Fees for City Boards and Commissions*, the Human Resources Technical Review Committee met to discuss recommendations concerning variable performance (discretionary) pay for department directors in fiscal year 2012.

Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee and that no additional budget for variable performance pay be authorized for department directors in 2012.

2011-0436 Salary Recommendation for Mayor - 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

Pamela Gordon, Director of Human Resources, explained that the proposed increase is consistent with the recommendations made for directors. She noted that the Mayor will also experience a change in health care coverage options and will have additional responsibilities for out-of-pocket costs. Therefore, the Human Resources Technical Review Committee (HRTRC) is looking to extend that same strategy to the Mayor's compensation.

A motion was made by Klomp, seconded by Pixley, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 4 - Hooper, Klomp, Pixley and Webber

Nay 2 - Rosen and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0212-2011

Whereas, pursuant to Article IV, Section 3 of the *City Council Policy for Salaries of Department Directors and Mayor, and Per Diem Fees for City Boards and Commissions*, the Human Resources Technical Review Committee has met to discuss recommendations concerning the Mayor's salary for 2012; and

Whereas, recent contract settlements between the City and its two AFSCME Locals will result in significant health care savings to the City for the plan year beginning January 1, 2012; and

Whereas, the City administration requests to extend its health care cost reduction strategy to the City's non-union benefit group, which includes department directors and the Mayor in 2012; and

Whereas, a salary adjustment consistent with that recommended for Department Directors would still provide significant compensation savings to the City.

Resolved, the amount of 1% shall be added to Mayor's salary for 2012, bringing the Mayor's total base salary to \$104,107.00.

2011-0437 Vehicle Allowance for Mayor - 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

***Pamela Gordon**, Director of Human Resources, explained that a City vehicle was removed as a part of the Mayor's compensation in 2006, and noted that the Mayor instead receives a car allowance. She reported that the City's Fleet Manager performed an analysis to review the cost of purchasing a City vehicle for the Mayor at this time. Costs to purchase would add up to approximately \$670 per month. She stated that as private sector vehicle allowances range from \$600 to \$800 per month and public sector allowances range from \$500 to \$600 per month, it is recommended to increase the Mayor's car allowance from \$400 to \$550 per month.*

***Mr. Rosen** noted that this represents approximately a 30 percent increase.*

A motion was made by Yalamanchi, seconded by Klomp, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 5 - Hooper, Klomp, Pixley, Webber and Yalamanchi

Nay 1 - Rosen

Absent 1 - Brennan

Enactment No: RES0213-2011

Whereas, a \$550 per month vehicle allowance would better offset current costs associated with use of the Mayor's personal vehicle, while still saving the City considerable monies per year over a new City vehicle.

Resolved, that the Mayor's vehicle allowance will be increased to \$550 per month, effective January 1, 2012.

2011-0438 Salary Recommendation for Boards and Commissions - 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

***President Hooper** noted that no change is recommended for Board and Commission salaries.*

***Mr. Klomp** expressed his thanks to the members of Boards and Commissions for their involvement in the City.*

A motion was made by Pixley, seconded by Webber, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0214-2011

Whereas, pursuant to Article VI, Section 3 of the *City Council Policy for Salaries of Department Directors and Mayor, and Per Diem Fees for City Boards and Commissions*, the Human Resources Technical Review Committee met to discuss recommendations concerning the per diem compensation for members of boards and commissions in Fiscal Year 2012.

Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee and that the per diem compensation for boards and commissions remain unchanged at seventy five dollars (\$75) for chairpersons and sixty five dollars (\$65) for members per meeting attended for Fiscal Year 2012 for the following boards and commissions:

Building Authority
Construction/Fire Prevention Code Board of Appeals
Economic Development Corporation
Planning Commission
Zoning Board of Appeals/Sign Board of Appeals

2011-0439 Salary Recommendation for City Council - 2012

Attachments: [Agenda Summary.pdf](#)
[Resolution.pdf](#)

President Hooper noted that no change in Council salaries is recommended for 2012.

Pamela Gordon, Director of Human Resources, commented that Council salaries have not changed since 2003.

A motion was made by Pixley, seconded by Webber, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0215-2011

Whereas, pursuant to Article III, Section 5 of the *City Council Policy for Salaries of Department Directors and Mayor, and Per Diem Fees for City Boards and Commissions*, the Human Resources Technical Review Committee met to discuss recommendations concerning the compensation for members of City Council in fiscal year 2012.

Resolved, that the Rochester Hills City Council hereby concurs with the recommendation of the Human Resources Technical Review Committee and that Council compensation in 2012 shall remain at the current rate of \$7,850.48 for Council President, \$6,577.43 for Council Members, and meeting pay of \$60 after 32 meetings.

COUNCIL COMMITTEE REPORTS

Deer Management Advisory Committee (DMAC):

Mr. Webber reported that the DMAC met on September 28th and noted that while the aerial flyover deer population numbers have increased slightly, the Deer Vehicle Collision numbers have decreased 25 percent since 2010. He stated that the DMAC members will report to Council later this fall and noted that the members expressed concern that no funds were allocated in Council's budget for deer management. He pointed out that \$1,000 is needed to undertake the aerial flyover which provides data on a yearly basis. He explained that \$4,000 allocated in the 2011 Budget funds the "Don't Veer for Deer" campaign, placing movable signs in high crash areas.

President Hooper commented that Council should request that the Administration revise the 2012 Budget to include funding for the flyover.

Mr. Yalamanchi concurred, stating that funds to undertake the flyover should be incorporated into the 2012 First Quarter Budget Amendment.

2011-0443 Motion to Direct the Administration to include \$1,000 in the Fiscal Year 2012 First Quarter Budget Amendment for the 2012 Aerial Deer Survey

A motion was made by Webber, seconded by Yalamanchi, that this matter be Adopted by Resolution. The motion carried by the following vote:

Aye 6 - Hooper, Klomp, Pixley, Rosen, Webber and Yalamanchi

Absent 1 - Brennan

Enactment No: RES0216-2011

Resolved, that the Rochester Hills City Council hereby directs the Administration to include \$1,000 in the Fiscal Year 2012 First Quarter Budget Amendment for the 2012 Aerial Deer Survey.

ANY OTHER BUSINESS

Mr. Yalamanchi distributed suggestions for a Clean Energy Strategy for Rochester Hills. He commented that Ann Arbor and Auburn Hills have already taken proactive steps to develop guidelines for a strategy and stated that he included points that the City should consider incorporating its own strategy. He suggested that Council consider creating a task force or a Council committee to develop a policy on Clean Energy Strategy.

President Hooper expressed Council's thoughts for Mr. Brennan's speedy recovery and wished his family the best.

NEXT MEETING DATE

Regular Meeting - Monday, October 17, 2011 - 7:00 PM

ADJOURNMENT

There being no further business before Council, President Hooper adjourned the meeting at 8:52 p.m.

*GREG HOOPER, President
Rochester Hills City Council*

*JANE LESLIE, Clerk
City of Rochester Hills*

*MARY JO WHITBEY
Administrative Secretary
City Clerk's Office*

Approved as presented at the (insert date, or dates) Regular City Council Meeting.